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C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 004269

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SUBJECT: MFA EXPRESSES CONCERN OVER ARMS SALES TO TAIWAN,  
TAIWAN'S PLANNED REFERENDUM ON JOINING UN

Classified By: Deputy Chief of Mission Dan Piccuta.  
Reasons 1.4 (b) and (d).

#### Summary

1. (C) MFA North America Director General Liu Jieyi called on the United States to stop all arms sales to Taiwan and to "explicitly oppose and curb" the attempts of the "Chen Shui-bian authorities" to achieve de jure independence during a June 25 meeting with DCM Piccuta. Liu expressed China's "serious concern" over Taiwan's recent passage of a defense budget that contains funding for the purchase of U.S. weapons, including 12 P-3C aircraft, PAC-II upgrades, a submarine cost assessment and monies for 66 F-16 C/D fighter aircraft. Expressing particular concern about the "advanced, offensive" nature of F-16s, Liu warned of "serious consequences" should their sale go forward, as advocated by "some people." Weapons sales to Taiwan only encourage Chen Shui-bian in his attempts to change the status quo, as demonstrated by his plan to hold a referendum on joining the UN under the name Taiwan. DCM Piccuta reiterated our one China policy based on the three joint communiques and the Taiwan Relations Act, and stated that we urge both sides to undertake active efforts to reduce tensions across the Strait and move toward a peaceful resolution. End Summary.

#### Chinese Concern Over Arms Sales

2. (C) MFA North America Director General Liu Jieyi called in DCM Piccuta on June 25 to express China's "serious concern" over Taiwan's recent passage of its annual budget, which contained funding for the purchase of U.S. weapons, including 12 P-3Cs, PAC-II upgrades, a cost assessment for submarines and "initial" funding for 66 F-16 C/D fighter aircraft. Liu said it is the PRC's understanding that "some people" in the United States Government are "advocating and working toward" the sale of F-16s to Taiwan. Going forward with such arms sales to Taiwan during this "extremely sensitive" juncture in cross-Strait relations would only further encourage Chen Shui-bian's "desperate and unscrupulous attempts" to change the status quo and achieve de jure independence, as demonstrated by his plan to hold a referendum on joining the UN under the name Taiwan, which Liu said in reality is a "referendum on Taiwan independence." Arms sales to Taiwan would aggravate cross-Strait tensions, undermine the peace and security of the region, constitute "serious interference" in China's internal affairs, hurt the feelings of the Chinese people and harm U.S.-China relations, including bilateral cooperation in a number of important areas. China encourages the United States to recognize the "gravity" of the issue, Liu emphasized.

13. (C) Commenting further on the F-16 issue, Liu argued that the fighter is in the "active service" of the U.S. Air Force and is a "highly advanced, offensive" aircraft with a large operating radius. He noted that the United States has already said there has been no agreement to sell F-16s to Taiwan. China encourages the United States to proceed on the issue from the standpoint of cross-Straits peace and stability and overall U.S.-China relations. China urges the United States to reject the sale, which could have "serious consequences."

#### U.S.-China Cooperation

14. (C) U.S.-China relations in recent years have enjoyed "positive momentum," including effective consultations and cooperation on a wide range of issues, such as North Korea, Iran and Sudan/Darfur, Liu stated. This cooperation has been "hard to come by" and should be "valued." Taiwan bears on the sovereignty and territorial integrity of China and is the most important and sensitive issue in the bilateral relationship. China has always been clear in its firm opposition to arms sales to Taiwan, by the United States or anyone else. China is therefore "puzzled" by U.S. actions. On the one hand, the United States says it adheres to a one-China policy and opposes Taiwan independence, with Washington publicly stating its opposition to Taiwan's referendum on joining the UN. On the other hand, the United States is trying to sell more weapons to Taiwan, which only supports Taiwanese "independence forces." In sum, at the same time that the United States approaches China seeking

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cooperation on a host of international and regional issues, it is also contemplating activities that hurt the "core interests" of China. This calls into question just what message the USG wishes to send to the Taiwan authorities and what position the United States wishes to adopt on the Taiwan issue, Liu declared.

#### Stop Arms Sales, Curb Independence Moves

15. (C) China therefore urges the United States to pay "serious attention" to the PRC's "solemn position," and to approach the issue from the standpoint of bilateral relations and cross-Straits peace and security, Liu stated. China calls on the United States to stop the sale of all weapons to Taiwan, including P-3Cs, submarines, PAC-III or other anti-ballistic missile systems, and F-16 C/Ds. The PRC urges the United States to "explicitly oppose and curb" the attempts of the "Chen Shui-bian authorities" to achieve de jure independence, including through the referendum on joining the UN. The United States should not send the "wrong signal" to them. DG Liu asked that the DCM report the Chinese position to Washington.

16. (C) DCM Piccuta said he would report the Chinese Government's concerns. He stated that there has been no change to the United States' one China policy based on the three joint communiques and the Taiwan Relations Act. The United States supports a peaceful resolution of the Taiwan issue acceptable to people on both sides of the Strait. We do not support Taiwan independence, oppose unilateral changes to the status quo and urge both sides to undertake active efforts to reduce tensions across the Strait and move toward a peaceful resolution, he emphasized.

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